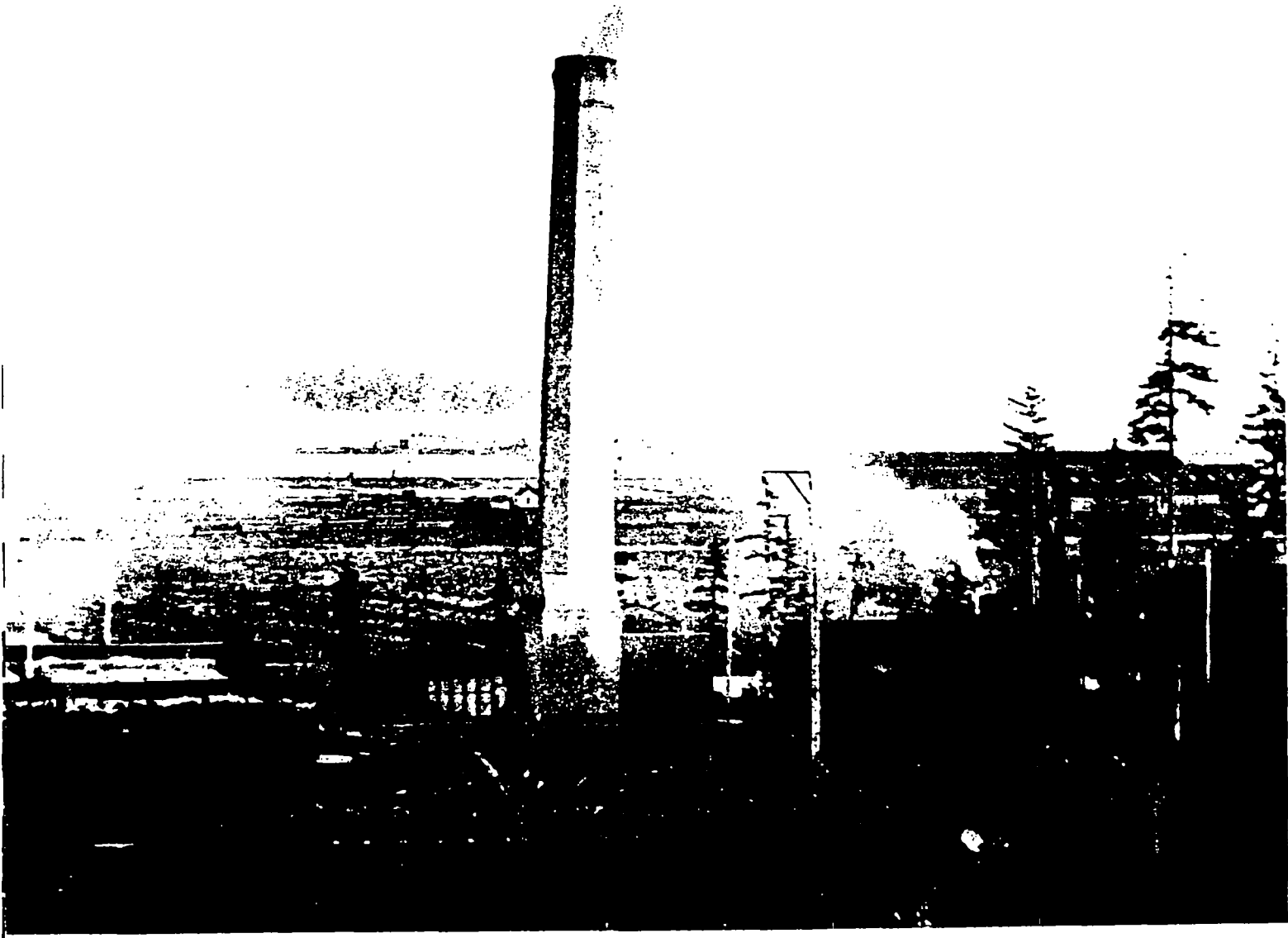


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# EVERETT SMELTER SITE PROJECT

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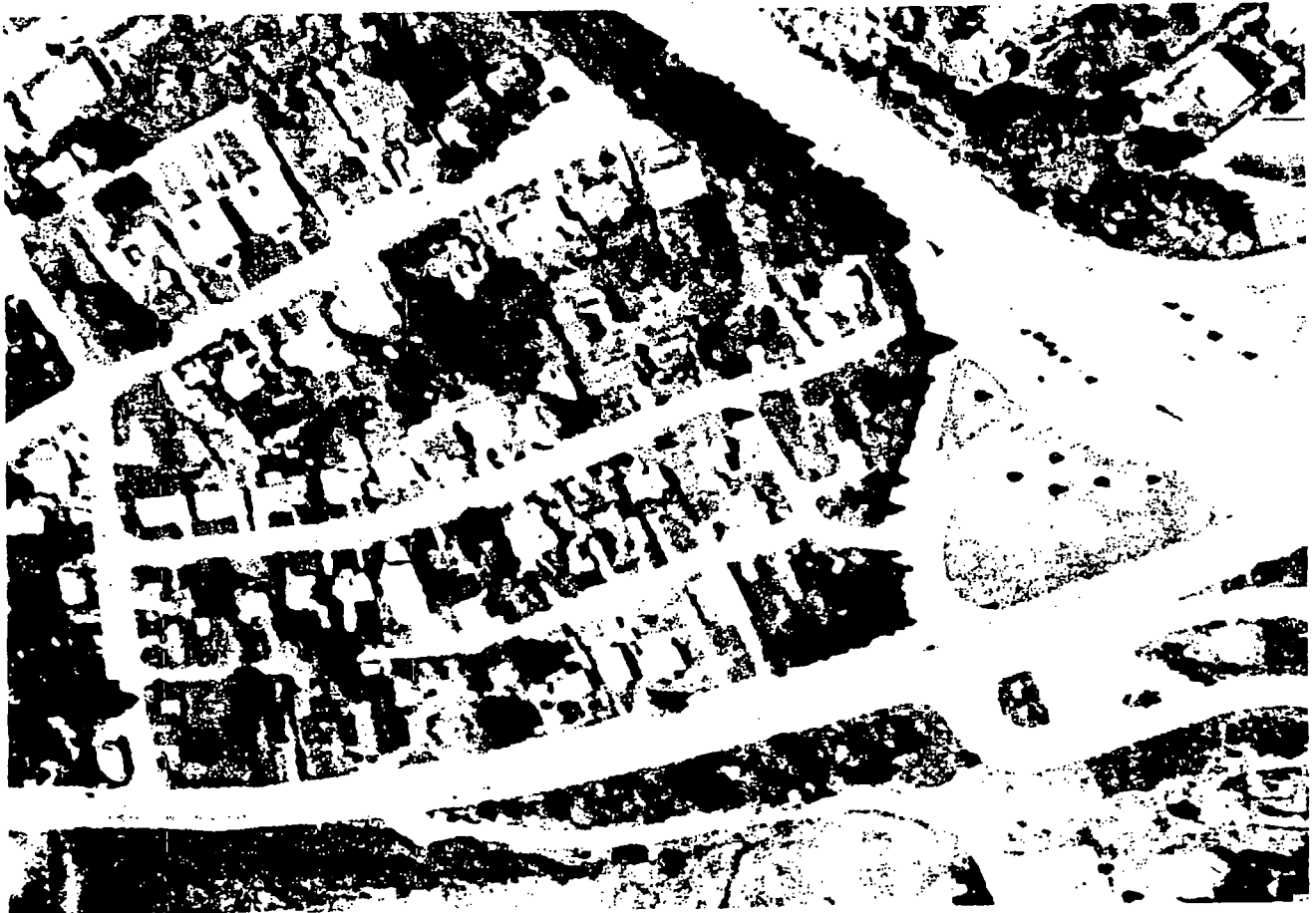
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# EVERETT SMELTER SITE REDEVELOPMENT GOALS AND BENEFITS

## Project Goals

- Ensure the viability of the redevelopment for all stakeholders.
- Facilitate the site cleanup, allowing the site to be returned to a thriving single-family neighborhood.
- Develop a destination neighborhood with a strong sense of place and community.
- Designs the new neighborhood in keeping with the North Everett style of housing.
- Develop a "Gateway" or focal point, welcoming persons to the City.

## Benefits

- This proposal provides for the cleanup of the State's most significant residential toxic site.
- It provides for immediate and lasting relief from environmental health hazards associated with the site.
- It allows for the restoration of a thriving single-family neighborhood by transforming an isolated fenced-off toxic site into an exciting new area.
- It provides a new "Gateway" into the City of Everett.
- It may act as a catalyst for additional redevelopment of the North Broadway/North East Everett area.
- It provides a new infrastructure in the redeveloped area along with eighty-five new housing units for Everett families, while increasing the tax base.



# EVERETT SMELTER SITE REDEVELOPMENT PROPOSAL

The following is an outline of the major elements of the proposed redevelopment of the Everett Smelter Site.

## Option Agreement/Purchase and Sale Agreement

- On December 1, 2003 Asarco and the Everett Housing Authority entered into an Option Agreement which indicates the Housing Authority's intention to purchase both the "fenced area" and fifteen nearby homes also owned by Asarco. The Agreement provides that Asarco will remediate the fenced area to residential standards, remediate the fifteen Asarco-owned homes, and remediate another adjacent twenty-two privately owned homes that also lie within the historic smelter footprint.
- The Option Agreement expires on March 31st but both ASARCO and the Housing Authority have indicated an intention to extend it through April 30th.
- ASARCO and the Housing Authority hope to have a detailed Purchase and Sale Agreement negotiated and executed by April 30th. This detailed Agreement will address all matters concerning the remediation, property purchase, EHA obligations after purchasing the site, relationships with the Contractor, and use of the ASARCO/EPA Trust Funds and the Department of Ecology grant funds.

## Cleanup and Funding Strategy

### Fenced Area: *"Source" Material Cleanup:*

- EHA will purchase the fifteen ASARCO-owned homes outside the fenced area. Purchase proceeds sufficient to pay for the remediation and remodeling of these homes will be held back while the remaining funds will be available to be drawn on by ASARCO to begin the removal of the "source" material inside the fenced area. This is the material with arsenic concentrations exceeding 3000 parts per million (ppm) and is also the material ASARCO is required to remove in the Court Order entered by the Snohomish County Superior Court.
- Asarco has also secured a approval to use \$1,000,000 from the Department of Justice/EPA/ASARCO Trust Fund for the cleanup of the Source materials. The DOJ/EPA/ASARCO Trust Fund money currently requires a 2:1 match from ASARCO.

**Fenced Area: Residential Material Cleanup:**

- When the Source material (above 3000 ppm) has been removed from the fenced area (or identified portions thereof) and verified by Ecology, EHA will purchase the fenced area (or portions thereof).
- Proceeds from the sale of the site will become available to be drawn upon by ASARCO to pay for the work already done as well as other work in the fenced area. A credit against some of the proceeds will be held back to reflect the Housing Authority's assumption of liability for subsequent remediation.
- With this purchase, EHA become liable for the remaining cleanup and eligible to receive the \$1 million in Department of Ecology grant funds.
- Pursuant to the Purchase and Sale Agreement, ASARCO will complete the cleanup of the site acting as the Housing Authority's agent.
- The Grant from Ecology will have a 1:1 matching requirement.
- The removal of this residential material is beyond that required by the Court Order but is required by Ecology's overall Enforcement Order. It is absolutely necessary to allow redevelopment of the site to a residential neighborhood.

**Remediation of Fifteen Asarco Owned Homes:**

- These houses were sold to the Housing Authority in the first step above and will likely be cleaned up in two phases. Following removal of the Source Material from the Fenced Area, funds reserved to remediate and remodel seven of these homes will be released and the Housing Authority will authorize the demolition of the structures and complete remediation of the seven lots. These seven lots will subsequently be treated as part of the fenced area for purposes of the redevelopment plan. The Authority's redevelopment plan includes a single area both the fenced properties and these seven lots.
- The remaining eight homes currently owned by ASARCO but sold to the Housing Authority will be cleaned up in accordance with Ecology's order and in a similar manner as used in the cleanup of approximately thirty homes by Ecology in recent years.
- The cost of the cleanup of both sets of these ASARCO-owned homes will be paid by the Housing Authority using funds held back from the purchase price and Ecology matching funds.
- Upon completion of the remediation and remodeling, the eight homes will be sold to private owner-occupants.

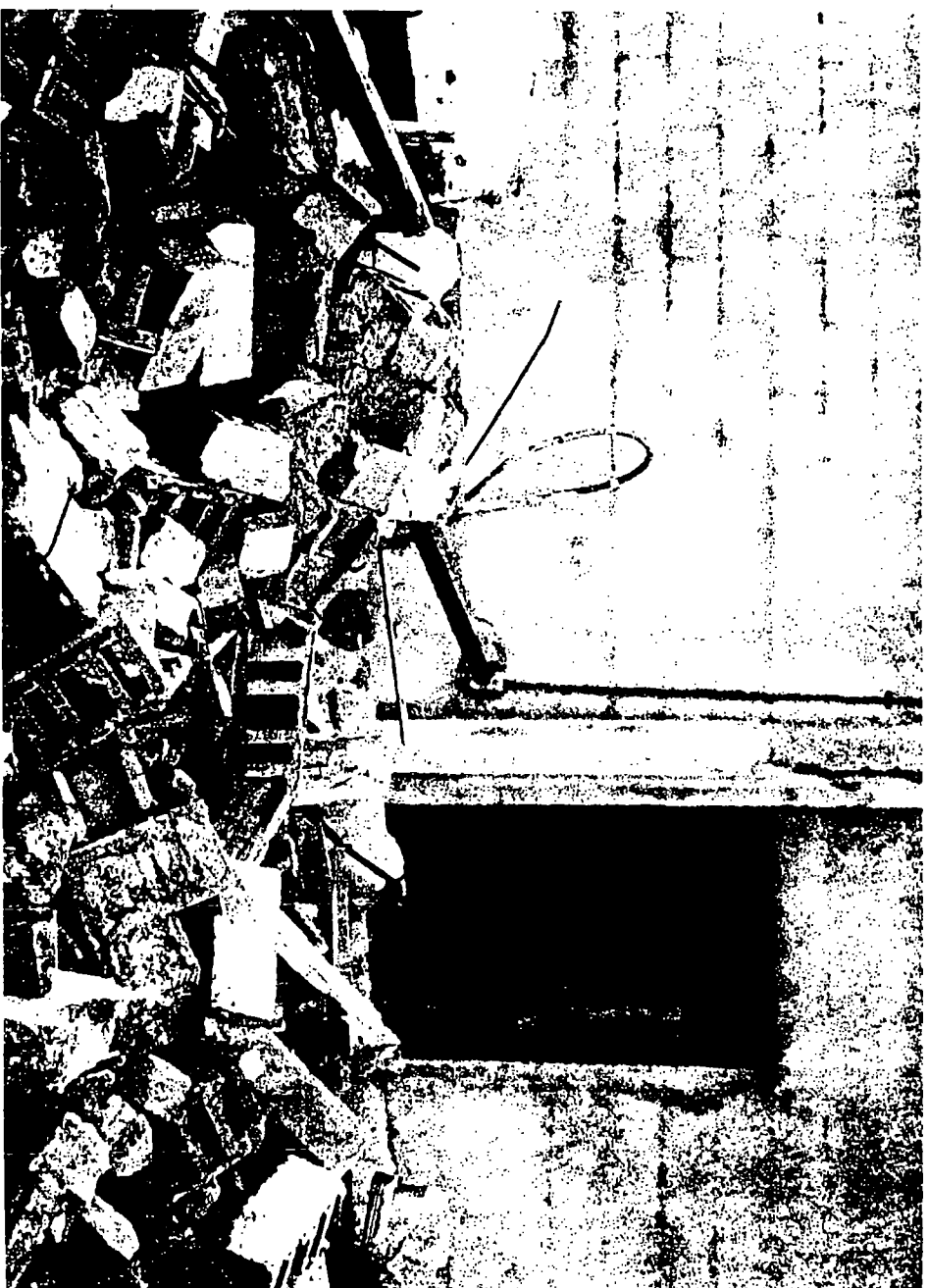
### **Remediation of the Twenty-Two Non-Asarco Owned Homes:**

- The final step in the cleanup is the remediation of the twenty-two privately owned homes occupying portions of the historic smelter site. Upon completion of the cleanup of the fenced area, additional funds due ASARCO for the purchase of that site but held back will be released and made available to be drawn on by ASARCO to pay for the cleanup of these home.

### **Redevelopment**

- The successful redevelopment of this site requires a significant amount of coordination between the remediation work and the reconstruction of the infrastructure (utilities, streets, sidewalks etc.).
- The EHA has contemplated hiring Strider Construction, Asarco's remediation contractor, to install the new infrastructure required for redevelopment immediately upon completion of the remediation.
- Infrastructure includes new sanitary sewer, storm sewer, water system, electrical, telephone, cable and natural gas delivery systems.
- The source of funds for the infrastructure installation has not yet been determined and is part of the cost included in the Funding Gap.
- Upon completion of infrastructure installation and grading activities, the Housing Authority will sell the property to a single developer.
- The proceeds from the sale of the new site will pay off the balance of the Housing Authority's line of credit.





<b>EVERETT SMELTER SITE REMEDIATION AND REDEVELOPMENT BUDGET</b>	
<b>EHA SIDE</b>	
<b>Resources</b>	
Sale of Site	\$2,975,000
Sale of 8 Houses	\$1,365,000
State Toxics Fund	\$1,000,000
Total	\$5,340,000
<b>Uses</b>	
Fenced Area Purchase	\$1,133,000
Fenced Area Remediation < 3000 PPM	\$1,843,000
15 Houses Purchase	\$1,260,763
15 Houses Remediation	\$371,000
Infrastructure for New Neighborhood	\$1,800,000
Rehab of Houses (8)	\$225,000
Financing, Legal, Permits, & Miscellaneous	\$1,558,000
Total	\$7,990,763
Balance	-\$2,650,763
<b>ASARCO SIDE</b>	
<b>Resources</b>	
ASARCO/EPA Trust	\$992,000
CAP	\$90,000
EHA Land Sales	\$2,393,763
Total	\$3,475,763
<b>Uses</b>	
Fenced Area > 3000 PPM	\$2,979,000
Remediation of 22 Private Properties	\$540,000
Total	\$3,519,000
Balance	-\$43,237

Soft Costs	
<b>SOFT COST</b>	
ACCOUNTING	\$6,975
APPRAISAL & MARKETING STUDIES	\$7,500
ARCHITECTURAL & ENGINEERING	\$461,250
BROKER'S FEES	\$0
<b>CONSTRUCTION SERVICES</b>	
BUILDER'S RISK	\$25,575
CONSTRUCTION MANAGEMENT	\$69,750
CONSTRUCTION MONITORING	\$11,625
CONSTRUCTION SERVICES-OTHER	\$25,575
CONTINGENCY-SOFT	\$69,750
DEFICITS FROM OPERATIONS	\$0
<b>DEVELOPER COST</b>	
ADMINISTRATIVE -GENERAL	\$13,950
ADMINISTRATIVE-OVERHEAD	\$27,900
FEE	\$150,000
<b>FINANCING COST</b>	
FINANCIAL CONSULTING	\$46,500
LENDER LOAN FEES	\$25,000
TAX CREDIT FEES	\$0
COST OF ISSUANCE-OTHER	\$0
FINANCING COST-OTHER	\$0
INDIRECT SOFT COST-OTHER	\$0
INTEREST COST	\$206,075
<b>LEGAL</b>	
BONDS DEBT	\$32,500
PARTNERSHIP	\$0
REAL ESTATE	\$66,500
OTHER	\$13,950
MARKETING & TEASUP	\$0
MITIGATION FEES	\$0
PERMITS & FEES	\$226,920
RELOCATION	\$0
<b>REPORTS</b>	
SURVEYS	\$34,875
ENVIRONMENTAL	\$0
INSPECTIONS	\$0
SITE REPORTS-OTHER	\$23,250
<b>RESERVES</b>	
DEBT SERVICE	\$0
PROJECT	\$0
WARRANTY - OWNER	\$0
LEASE-UP	\$0
TITLE & CLOSING	\$18,995
<b>SUBTOTAL SOFT COST</b>	<b>\$1,564,415</b>

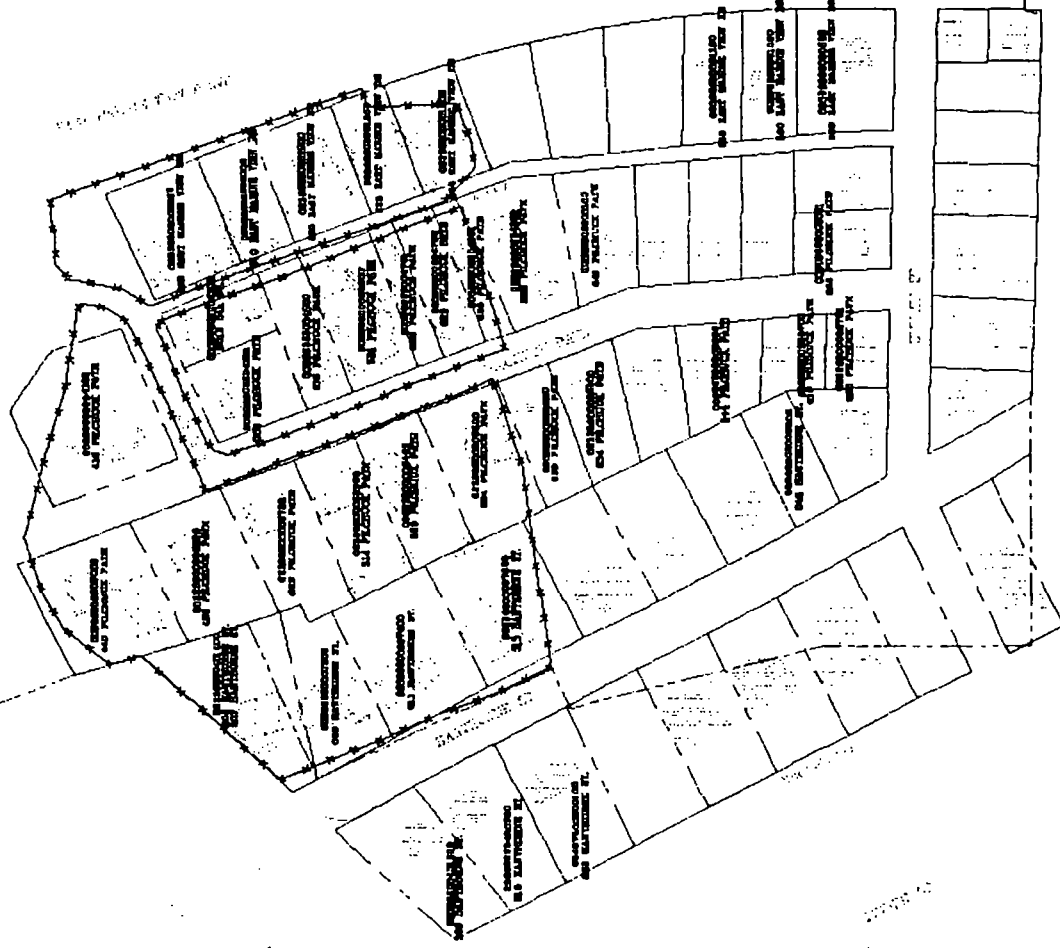
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# LEGEND

ASARCO ZONES - INDICATES  
SUPERSTURTURE IN PAVED AREA  
PROPERTIES SUBJECT TO REDEVELOPMENT AS INDICATED  
BY THE OTHER AGREEMENT  
PROPERTIES PREVIOUSLY REDISSEMINATED BY DECALOG

APPROXIMATE LOCATIONS OF SUBSTANTIALLY  
OWNED ASARCO PROPERTY BOUNDARY  
SECURITY FENCE  
SECURITY FENCE  
ASARCO OWNED PROPERTIES  
AT PREVIOUS TIME - PARKER, GUNTER, WYNN, ADDRESS



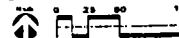
ASARCO INCORPORATED  
EXHIBIT A - OPTION  
AGREEMENT BETWEEN ASARCO  
AND EVERETT HOLDINGS AUTHORITY

PROPERTY OWNERSHIP MAP FOR  
ASARCO INCORPORATED  
EVERETT, WASHINGTON  
12/04/08

EX-A



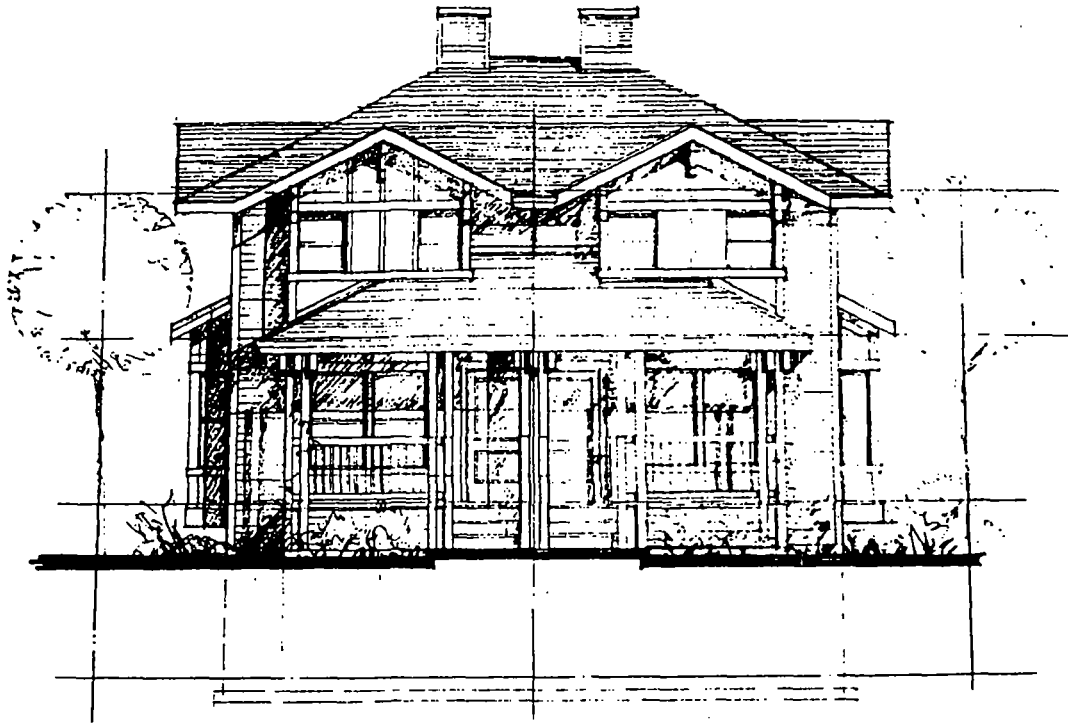
ASARCO  
Smelter Site Redevelopment



# EVERETT SMELTER SITE REQUIRED CITY ACTIONS

In order to accomplish the proposed redevelopment of the historic Everett Smelter Site, the following actions by the City of Everett are likely to be necessary. The end result of these actions is that the City will be a full and active partner in this redevelopment effort.

1. **Land Use Issues:** Asarco, with the Housing Authority's cooperation, will submit a Rezone Application and Binding Site Plan Application to the City of Everett allowing the redevelopment of the site. The site is currently zoned R-2 and the application will request a rezone to R-1A. The rezone to R-1A is consistent with the current Everett Comprehensive Plan for this area.
2. **Gap Funding:** The Housing Authority's best estimates of the redevelopment costs indicates an unfounded gap of approximately \$2.6 to \$3 million. As the redevelopment proposal is in its early stages, the estimated funding gap may change.
3. **Loan Guarantor:** EHA funds will be provided through a loan in the form of a line of credit. These funds are essential to beginning the project and securing both the EPA/ASARCO Trust Funds and the Department of Ecology Clean-up Funds. The line of credit will be secured by a lien against the 15 homes outside the fenced area owned by ASARCO. However, given the complexity of this project and the fact that the failure to complete the cleanup could significantly reduce the value of the property, additional security for EHA's loan is likely to be necessary.
4. **Community Renewal Agency Status:** The Housing Authority operates under legislative authority as provided in RCW 35.82. Since current plans provide for the Authority to complete the remediation, cap the site, undertake the restoration/reconstruction of streets and utilities and then resell the site to a private developer. EHA's legal counsel have indicated that housing authorities are authorized to undertake this type of activity if they are also designated as a city's Community Renewal Agency. Without this designation, the Housing Authority would need to actually undertake the construction of the new housing rather than sell the site to a private builder. EHA has been unable to identify a financially sound plan that includes its serving as the actual final developer. Consequently, the City will need to designate the Everett Housing Authority as a Community Renewal Agency to ensure a proper legal basis for its actions.
5. **Community Renewal Area:** Related to #4 above, the City of Everett will need to designate the Smelter Site as a Community Renewal Area, thereby allowing the Housing Authority to exercise its powers as a Community Renewal Agency.



**STREET FRONT ELEVATION**  
CONCEPTUAL DESIGN - 3 BR. DUPLEX UNITS

EVERETT HOUSING AUTHORITY  
ASARCO SITE  
PYATOK ARCHITECTS JANUARY 5, 2004



**STREET FRONT ELEVATION**  
CONCEPTUAL DESIGN - 3 BR. DETACHED UNIT

EVERETT HOUSING AUTHORITY  
ASARCO SITE  
PYATOK ARCHITECTS JANUARY 5, 2004

# EVERETT SMELTER SITE

## CRITICAL DATES

- EHA's and Asarco's Option Agreement expires on or about March 31, 2004. It is anticipated that the Agreement will be extended one month.
- Strider, Asarco's remediation contractor, is scheduled to mobilize on the site approximately by May 15.
- Strider will begin transporting material from the Everett site to Tacoma Ruston in June.
- Substantial completion of source materials per Enforcement Order is to be removed from the Everett site by August 20, 2004.
- Final Completion of Source material per Enforcement Order by October 31, 2004.
- Asarco is to submit draft As-Built Report to Ecology by December 31, 2004.
- Asarco to submit final As-Built Report to Ecology 30 days after receipt of Ecology comments.
- Overall project financing, including the Gap Funding, must be in place by May 7, 2004 to facilitate contractor mobilization by mid May.
- EHA and Asarco need to execute a Purchase and Sale Agreement by April 30, 2004.
- PPA/Consent Decree to be executed by early June.
- EPA to issue an Order by May 31st, directing the placement of Everett materials in the Tacoma Ruston OCF.
- By June 30th, EHA to provide Asarco with new street layout plan, rough grading plan, etc. to enable Strider to dovetail the redevelopment work into the cleanup effort.

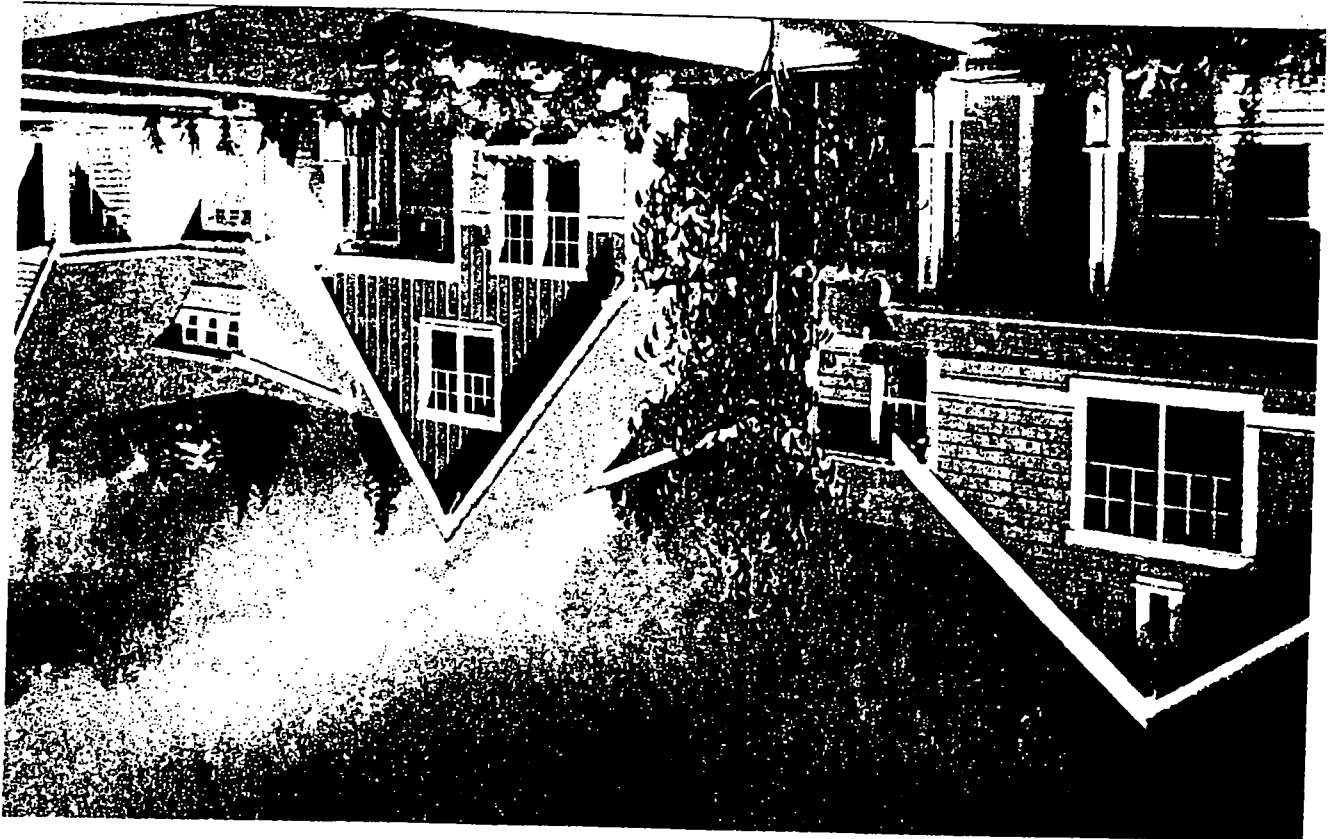




# MAJOR CONCERNS

*The following is a list of major concerns facing the project.*

1. Identifying full funding for the project (Gap Funding).
2. Securing project loan in the form of a line of credit from a lending institution.
3. Negotiation of a Perspective Purchaser Agreement/Consent Decree from the Department of Ecology and the Attorney Generals office.
4. Secure \$1,000,000 grant from the Department of Ecology Toxic Fund.
5. Assumption of liability by EHA for the cleanup of the Residential soils subsequent to purchase of the contaminated site and resulting designation as generator of toxic materials.
6. EPA issuance of an Order requiring the placing of the Everett material at the Asarco Tacoma Ruston site.
7. EPA issuance of a "Comfort Letter" to the EHA thereby providing some comfort that EPA will not view the EHA as a "Generator" of toxic materials.
8. Redevelopment costs are very preliminary and the redevelopment fairly complex. Actual costs may exceed current estimates.
9. The sales proceeds from the site are also preliminary in nature. When a final developer is selected the value of the redeveloped land may be lower than currently budgeted.
10. There may not be a ready developer for the site.
11. In order to address all legal concerns, EHA should be designated a Community Renewal Agency by the City and the smelter site should be designated a Community Renewal Area.
12. The site needs to be rezoned to R-1A and a Binding Site Plan needs to be approved..
13. Asarco and EHA need to negotiate a comprehensive Purchase and Sale Agreement.
14. Time. With Strider needing to mobilize to the site by mid May, much has to be done in a short period of time.



# EVERETT SMELTER SITE KEY PROJECT PERSONNEL

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